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Non-take-up of Social Assistance: Regional Differences and the Role of Norms

An analysis based on administrative data for the Canton of Bern

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- ▶ Most Western societies provide social assistance for households that lack the resources to maintain a minimum standard of living. However, if non- take-up rates are high, whether anti-poverty schemes are designed adequately is questionable.
- ▶ The principles of **horizontal justice** is violated. Benefits are often coupled with counseling programs. People miss benefits and consultation which might increase **individual and societal costs** in the long run.
- ▶ Nonetheless, non-take up is often not studied systematically or on a regular basis. However, results from several studies suggest that non-take-up is present, ranging from 20% to 60% in many countries of the oecd (Hernanz, Malherbet & Pellizzari, 2004).

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- ▶ **Costs related to the administrative process:** If the administrative procedure takes time and the outcome is uncertain it deters applications (Van Oorschot, 2002; Neuenschwander et al., 2012).
- ▶ **Social and psychological costs:** Stigmatization and/or individual attitudes towards welfare programs influence take-up behavior (Moffitt, 1983; Kayser et al., 2000).

Aims of my study and methods

- ▶ In the literature pecuniary factors and information costs are well studied determinants of take-up behavior. However, if social costs do influence take-up behavior seems to be discussed quite controversial, albeit especially for poverty programs it is essential to know if factors related not to the degree of need influence take-up.

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- ▶ Two main goals:
 1. New estimation for non-take up of social assistance with administrative data for Switzerland
 2. Test if norms influence non-take-up quotas

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- ▶ Bern is the second most populated canton with 990'000 inhabitants living in 379 municipalities (2012) with major urban and rural areas
- ▶ Tax data is linked with housing register that allows to build an household identifier (this is essential!)

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$$\text{SA-Eligibility:} \begin{cases} 1 : BNL_h + HCP_{h,r} + HC_{h,r} + BI_i \geq (\text{inc}_{(EI+IW+TI)} + IPB_{h,r,i}) * [SB_{0,1} * W_{0,1}] \\ 0 : BNL_h + MC_{h,r} + HC_{h,r} + BI_i < (\text{inc}_{(EI+IW+TI)} + IPB_{h,r,i}) * [SB_{0,1} * W_{0,1}] \end{cases}$$

Legend

BNL = basic needs for living

HCP = health care premium

HC = housing cost

BI = benefits with incentives

inc = incomes (earned income, income from wealth, transfer income)

IPB = individual premium benefits

SB = Supplemental benefits

W = moveable wealth

_h = varies with household size

_r = varies with region of living

_i = varies with income independent of social assistance

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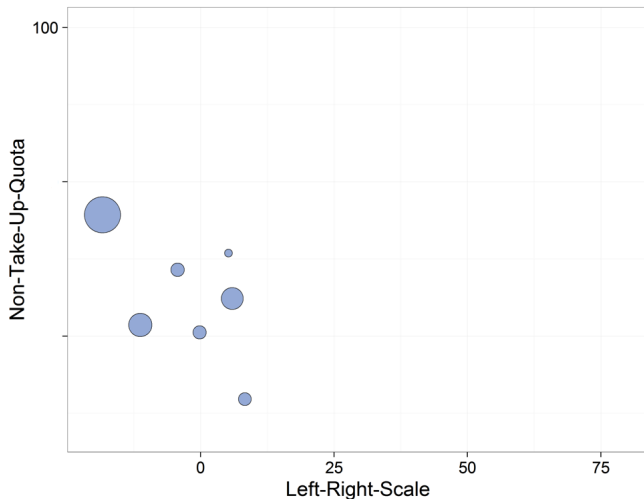
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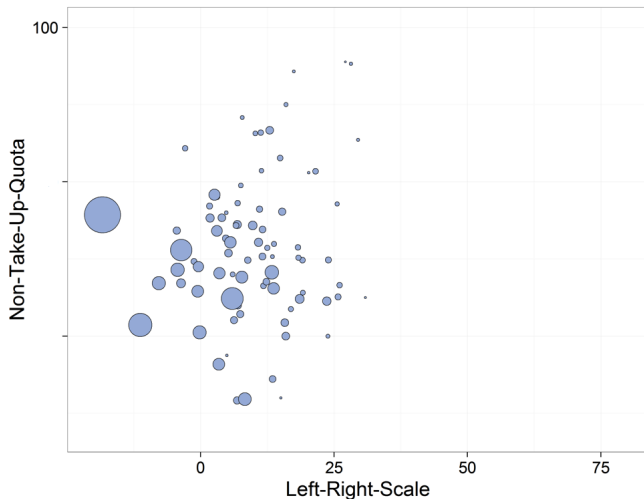
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- ▶ I proxy social norms towards social assistance with parliamentary voting shares. Fivaz (2015) shows that party profiles in Switzerland with respect to social assistance are with a strong left-right gap. The social democratic party (SDP) is strongly in favor of maintaining generous social assistance benefits. The other end of the left-right pole is held by the Swiss People's Party (SPP), for whom the reduction of social assistance benefits is a prominent issue on the agenda.

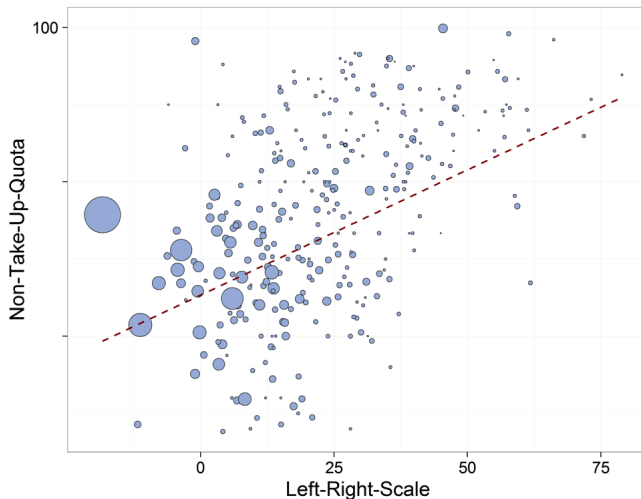
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Results: Is non-take-up influenced by social norms?

	Model (1)	Model (2)	Model (3)	Model (4)	Model (5)
<i>Urban/Rural</i>					
agglomerations	3.87	2.64	0.97	-1.42	4.03
(Ref: cities)	(3.51)	(3.25)	(3.46)	(3.34)	(3.23)
rural communities	18.3***	1.30	-5.73	-7.60	-8.64
(Ref: cities)	(3.62)	(4.29)	(5.60)	(5.42)	(4.84)
Language region: French	-25.3***	-9.90	-3.04	1.81	-14.4**
(Ref: German)	(6.65)	(6.59)	(6.12)	(5.93)	(5.23)
<i>Left-Right-scale</i>					
middle-left		-19.0***	-12.6**	-11.3**	-8.14*
(Ref: moderate)		(4.23)	(4.17)	(4.01)	(3.40)
right-conservative		30.3***	16.3*	19.4**	12.25*
(Ref: moderate)		(6.56)	(6.40)	(6.16)	(5.40)
<i>Economic structure</i>					
% empl. in sec. 1			0.69***	0.49**	0.38**
(Ref: sec 2)			(0.15)	(0.15)	(0.10)
% empl. in sec. 3			0.76***	0.64***	0.36***
(Ref: sec 2)			(0.10)	(0.10)	(0.10)
log (population density)			-7.93***	-6.57***	-8.85***
			(1.87)	(1.81)	(1.56)
% Working Poor				0.39***	0.31**
				(0.11)	(0.10)
log (average gap to eligibility threshold)				-18.6***	-20.8***
				(5.45)	(4.7)
Intercept	21.3***	40.3***	31.8*	193.4***	248.67***
	(2.68)	(4.90)	(15.8)	(56.5)	(56.4)
n (municipalities)	312	312	312	312	312
R ²	0.103	0.242	0.393	0.446	0.407
Adjusted R ²	0.094	0.229	0.377	0.428	0.388
Method:	OLS	OLS	OLS	OLS	MM-95
municipalities with weights (<0.00032)					2
municipalities with weights <1					85

Remarks:

Signif. levels: 0 '***' 0.001 '**' 0.01 '*' 0.05 '.'

standard error in parentheses.

All estimations apply analytical weights based on population of communities

OLS: Ordinary least square

MM-95: Robust estimation using a MM-Typ estimation (Koller & Stahel (2011). Estimation results in robust and efficient estimations with 50-% breaking points and 95-% asymptotic efficient normally distributed standard error (Rousseeuw et al., 2015)

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 1. Individuals cannot unify the take-up behavior with their personal norms
 2. Individuals indeed fear stigmatization by others
 3. An indirect effect can be presumed to derive from the administration procedure as social services are organized on the communal level.

Thank you for your attention!